



**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

Benefits Administrator Memo #03-07

To: Benefits Administrators

From: Charles S. Reed, Associate Director
State and Local Health Benefits Programs

CC: All OHB

Date: April 3, 2003

Re: --Non-Medicare Retiree Group Members' Open Enrollment Materials and Premium Rate Notification
--Extended Coverage Participants' Open Enrollment Materials and Premium Rate Notification
--Miscellaneous Retiree Group Information

Open Enrollment

Annual Open Enrollment and rate notification materials will be mailed on April 4 to all non-Medicare eligible retiree group participants (including retirees, survivors, non-Medicare eligible dependents of Medicare-eligible retirees, VSDP LTD participants and LOD participants) and Extended Coverage participants. Attached are copies of all materials. Remember that non-Medicare retiree group members and Extended Coverage participants have the same Open Enrollment options as active employees.

Other Retiree Group Information

Medicare-Eligible Participants: Retiree group participants who are eligible for Medicare and, therefore, enrolled in Medicare-coordinating plans will not be affected by the new COVA Care Plan and will not participate in any Open Enrollment activities. Since Medicare plans are renewed on a calendar-year basis, Medicare-coordinating plan members do not need to take any action at this time.

EmployeeDirect: Like active employees, retiree group members may enroll using EmployeeDirect on the Web. The only requirement is that they have an e-mail address.

Retirements Prior to July 1: Non-Medicare retiree group members have the same Open Enrollment period and plan choices as active employees. Please keep in mind that, since a distribution list for non-Medicare retiree group members has already been generated based on current information, employees who retire after the April 4 mailing but prior to the end of the Open Enrollment period will not get the attached materials. It will be the responsibility of the agency Benefits Administrators to provide a retiree package to those employees who retire, start LTD, or enroll as a survivor during the Open Enrollment period. With the exception of those who will be required to select a Medicare-coordinating plan, plan elections made during Open Enrollment will carry forward to retirement as long as enrollment in the retiree group is completed within the required enrollment time frame. If an Open Enrollment election is made prior to the keying of the retirement or LTD transaction, the Open Enrollment suspense record will have to be printed, deleted, and then sent to the Office of Health Benefits for re-keying to ensure that both transactions take place (see BA Memo #03-06).

Policy Change: Effective July 1, neither retirees, LTD participants nor new survivors will be allowed to make a plan change at the time of enrollment in the retiree group. This means that COVA Care participants may not elect to add or delete COVA Care additional options upon initial enrollment in the retiree group. Of course, retiree group members may reduce membership prospectively at any time, including at the start of retirement, but they may not increase membership without the occurrence of a qualifying mid-year event or outside of Open Enrollment (non-Medicare participants only).

Medicare Demand Letters: Unfortunately, agencies occasionally receive correspondence from either the Centers for Medicare and Medicaid Services (CMS), the U.S. Department of Treasury, Medicare claims administrators, or collection agencies regarding Medicare claims against the state program for primary payment of health plan claims. If you receive one of these demand letters, please send it immediately to the Program Manager for Retiree Health Benefits at DHRM, 101 North 14th Street, 13th Floor, Richmond 23219. It is very important that these are sent through DHRM for tracking and management. Failure to provide a timely response to these demand letters can result in considerable additional expense to the program. As a reminder, however, agency Benefits Administrators are responsible for responding to IRS/SSA/CMS Data Match Project requests. Current instructions for completing those responses are on the DHRM Web site at http://www.dhrm.state.va.us/services/health/num_memo/2003/num03_01.pdf and are updated annually.

Retirement Effective Dates: The effective date for service retirement and the date of enrollment in the State Retiree Health Benefits Program must match. There must not be a break in state coverage between the time of retirement and the start of retiree coverage, and a retiree generally may not maintain coverage in the active employee group*. We have seen a number of incidents where employees have service retired but applied for retiree coverage several months after the retirement date based erroneously on maintaining their active coverage. Please remember that a new retiree must apply for retiree coverage within 31 days of his/her retirement date, coverage in the state program must be continuous, and, except as noted below, retirees may not be covered as active employees after their retirement date.

(*In limited circumstances when health benefits are provided under the WTA or when retroactive disability retirements are granted, retirement and active health plan coverage may run concurrently—see Health Benefits Fact Sheets for Layoff at <http://www.dhrm.state.va.us/services/health/LayoffSeverance.pdf> or the Health Insurance Manual for more information.)

Health Insurance Credit Program Enrollment: The Virginia Retirement System has asked that we advise Benefits Administrators that retiring employees who properly enroll in the State Retiree Health Benefits Program do not need to complete a VRS-45 Request for Health Insurance Credit Form. VRS will automatically calculate the appropriate credit as it relates to the state program. However, any new retiree who does not enroll in the retiree program must complete the VRS-45 if he/she is eligible for the Health Insurance Credit Program and will incur eligible expenses.

Reminder--Discontinuation of Dental/Vision and Drug Only Plans for Medicare Retiree Group Members: The Dental/Vision, Drug Only and Drug Only with Dental/Vision stand-alone plans have been discontinued as Medicare-coordinating plan options as of March 31.

Additional Information: Please take a few moments to read through the attached materials which contain more detailed information affecting retiree group members and Extended Coverage participants.

Enclosures:

Non-Medicare Retiree Group Members' Open Enrollment Materials and Premium Rate Notification Memo

- *Health Benefit Plans for the Non-Medicare Retiree Group* brochure
- Enrollment Form
- "Open Forum" Newsletter
- Health Insurance Portability and Accountability Act (HIPAA) Privacy Notice
- Current Member Handbook Notification of Changes

Extended Coverage Participants' Open Enrollment Materials and Premium Rate Notification Memo

- *Health Benefits Program – Effective July 1, 2003* brochure
- Enrollment Form
- Health Insurance Portability and Accountability Act (HIPAA) Privacy Notice
- Current Member Handbook Notification of Changes